



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
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February 1, 2019

**Via ECF and UPS Overnight**

Hon. Edgardo Ramos  
United States District Judge  
Thurgood Marshall United States Courthouse  
40 Foley Square  
New York, NY 10007

Re: SEC v. Honig, et al.;  
No. 18 Civ. 8175 (ER)

Dear Judge Ramos:

We represent the Plaintiff, Securities and Exchange Commission ("Commission"), in this action.

Enclosed for the Court's consideration are courtesy copies of proposed Judgments on Consent, together with the respective Consents of Defendants Alpha Capital Anstalt ("Alpha"), Mark Groussman, and Melechdavid, Inc. ("Melechdavid"), each of which we filed on ECF today.

The proposed Judgment on Consent resolves the Commission's claim against Alpha and imposes an injunction against Alpha from future violations of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act"),<sup>1</sup> and orders it to pay disgorgement of its ill-gotten gains and a penalty. In addition, Alpha has consented to certain undertakings related to its investment policies and procedures.

For Defendants Groussman and Melechdavid, the entity Groussman controls, the proposed Judgments on Consent resolve the Commission's claims against both Defendants, and impose an injunction against each of them from future violations of Securities Act Sections 5(a), 5(c) and 17(a), and Sections 10(b) and 13(d) of the Securities Exchange Act of 1934 and Rules 10b-5 and 13d-1(a) thereunder, impose a five year penny stock bar, and orders Groussman to pay disgorgement of his and Melechdavid's ill-gotten gains and a penalty.

If the proposed Judgments are acceptable to the Court, we respectfully request that the Court enter them together with their respective Consents.

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<sup>1</sup> Scienter is not an element of a Securities Act Section 5 violation. See, e.g.; *SEC v. Universal Major Indus.*, 546 F.2d 1044, 1047 (2d Cir. 1976).

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As the Court is aware, the Commission is scheduled to file its Amended Complaint on February 8, 2019. (DE 69.) If the proposed Judgments are entered, these Defendants will no longer be the subject of the Commission's action. Accordingly, the Commission respectfully requests that the Court enter the Judgments, if acceptable, prior to February 6, 2019, or adjourn the Commission's deadline to file its Amended Complaint until after the Judgments are entered, or the parties may be heard on concerns the Court has with entering them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nancy A. Brown", with a long horizontal stroke extending to the right.

Nancy A. Brown

Enclosures

cc: All Defendants via email